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APPENDIX.

A BILL FOR THE ESTABLISHMENT OF A SWISS FEDERAL BANK OF ISSUE (18 JUNE, 1896).

I. GENERAL PROVISIONS.

ARTICLE 1. Under the name "Schweizerische Bundesbank, Banque de la Confédération Suisse, Banca della Confederazione Svizzera," the Confederation establishes a State Bank under separate administration, endowed with the rights of a legal person. The Bank shall have the exclusive right to the issue of bank-notes. The main object of the Bank shall be to regulate the circulation of money in the country and to facilitate payments. It shall further undertake without compensation the care of the finances of the Confederation, so far as they may be intrusted to it.

ART. 2. The Confederation guarantees all obligations of the Bank so far as the assets of the Bank may not suffice to meet them.

ART. 3. The main seat of the Bank shall be in Bern. With the consent of the governments of the several Cantons, to which no conditions may be attached, it shall have the right to establish branches and agencies at any place in Switzerland. It is authorized to acquire by purchase existing banks of appropriate scope, and may continue them as branch banks, after liquidation of such operations as may not be appropriate. Each Canton is entitled to the establishment of a branch or agency of the Bank in its territory. In the establishment of agencies regard shall be had in the first instance to the already existing Cantonal banks and banks in whose administration the Cantons have a share.

ART. 4. The capital of the Bank shall be 25,000,000 francs, divided into shares of 10,000 francs each. It shall be paid in on the day when operations begin. It may be increased by vote of the Federal Assembly to 50,000,000 francs.

Two-fifths of the capital may be subscribed to by the Cantons; three-fifths, and as much more as the Cantons may not take up, shall be provided by the Confederation. The Confederation shall secure the funds for its subscription by the issue of debentures not redeemable by the creditors.

The apportionment among the Cantons shall be so made that each Canton shall be entitled to at least ten shares each, half-cantons to at least five shares. The remainder shall then be apportioned on the basis of population. The Cantons shall not be required to take shares, and, if they do so, shall assume no liability beyond the amount subscribed for. The shares shall be issued in the name of the Confederation and of the Cantons. They may be transferred to administrative organs or to public funds of the Confederation, and, with the consent of the Federal Council, to those of the Cantons. They may not be transferred to private persons.

ART. 5. The Bank and its branches may not be taxed in the Cantons.

It is reserved to the legislation of several of the Cantons to impose stamp taxes on bills [*Wechsel*], checks, and other obligations. Only documents [*Akte*] issued by the Federal Bank, including receipts given by it, are exempt from such taxes.

II. OPERATIONS OF THE FEDERAL BANK.

ART. 6. The Federal Bank shall be limited to the business of a pure bank of issue, deposit, and discount. As such, it shall be entitled to undertake the following operations, and these only:—

1. The discount of bills on Switzerland having not more than three months to run, and having the signatures of at least two persons of known solvency.

2. The sale and purchase of foreign bills, having not more than three months to run, and having the signatures of at least two persons of known solvency.

3. Loans at interest on the pledge of securities for a period of not more than three months. Shares shall not be accepted in pledge.

4. The purchase of interest-bearing evidences of debt issued by the Confederation, the Cantons, or foreign States, payable to bearer and of easy realization, but only for the purpose of temporary investment.

5. The acceptance of deposits with or without payment of interest.

6. The purchase and sale of the precious metals for account of the Bank or for others, and loans secured by their deposit.

7. The issue of gold and silver certificates in accordance with regulations to be issued for the purpose.

8. Check, draft, and collection [*Inkasso*] operations.

9. The acceptance for safe keeping and management of securities and valuables.

ART. 7. The Federal Bank shall be obliged: (1), wherever it has

agents, to receive payment without charge on behalf of the Confederation and of its administrative organs, and similarly to make payments up to the amount standing to the credit of the Confederation; (2) to accept for safe keeping or management, without charge, securities belonging to the Confederation and under its administration.

III. ISSUE AND REDEMPTION OF BANK-NOTES, AND SECURITY FOR THEM.

ART. 8. The Federal Bank shall have the right to issue notes according to the needs of trade, within a maximum limit to be fixed by the Federal Legislature. The manufacture, retirement, and destruction of the notes, shall take place under the supervision of the Federal Department of Finance.

ART. 9. The notes shall be issued in denominations of 50, 100, 500, and 1,000 francs. In extraordinary cases the federal legislature may authorize temporarily the issue of notes in smaller denominations.

ART. 10. The total amount of notes outstanding shall be covered by cash or by gold bullion reckoned at its market value or by foreign gold coins or by bills on Switzerland or on foreign countries. The reserve in specie shall be at least one-third of the notes in circulation.

ART. 11. The Bank shall further be pledged at all times to cover all debts due on short time by bills on Switzerland or on foreign countries or by cash or gold bullion. Debts due within ten days shall be reckoned for the purposes of this article as due on short time.

ART. 12. The Federal Bank shall redeem its notes at par in legal tender money (*a*) at its main office in Bern in any amount on demand, (*b*) at its branch offices and agencies so far as their cash on hand and cash requirements may permit, but in any case within such period as may be necessary to procure the needed cash from the main office.

At the branch offices and agencies the redemption services shall be organized with due regard to the needs of the respective localities.

ART. 13. The Federal Bank shall at all times receive its notes both at the main office and at branches at par in payment of debts and for the establishment of credits [*Guthaben*]. The treasury offices of the Confederation shall also receive the notes of the Bank at par in all payments. No further obligation for the acceptance of the notes shall be established except under necessity in times of war.

ART. 14. Damaged notes shall be accepted by the Federal Bank at par, provided the bearer produces more than one-half of the note,

or, in case of presentation of less than half, proves the destruction of the remaining part. The Bank shall not be obliged to make compensation for notes lost or destroyed.

ART. 15. Worn and damaged notes may not be reissued by the Bank or by its agencies.

ART. 16. All controversies at law arising in connection with the issue of notes shall be subject to the jurisdiction of the federal courts.

IV. ACCOUNTS, PROFITS, SURPLUS, PUBLICITY.

ART. 17. The accounts of the Bank shall be approved by the Federal Assembly. They shall close with each calendar year. The balance sheet shall be made up on the principles of Article 656 of the Code of Contracts.

ART. 18. Of the net profits shown by the statement of profit and loss, 25 per cent. shall first be carried to surplus. Out of the excess, interest at the rate of 3 1-2 per cent. shall be paid on capital. If the excess does not suffice to yield 3 1-2 per cent., the deficit shall be made up from the surplus fund. The remainder of the net profits shall be divided among the Cantons. The distribution among the Cantons shall be in proportion to population, as given in the last preceding federal census.

ART. 19. The surplus fund shall be invested in domestic or foreign public securities. In the annual accounts, interest on the surplus fund shall be no charge against the profits.

ART. 20. The surplus shall be the property of the Bank. It may be applied only to cover impairments of capital, and to complete the dividend on capital at 3 1-2 per cent., as provided in Article 18.

ART. 21. The Bank shall publish from time to time the rate at which it will make loans and discounts. It shall publish each week a statement of its assets and liabilities, and each year a general balance sheet.

V. ADMINISTRATIVE ORGANS.

ART. 22. The organs of the Federal Bank shall be: (a) for supervision and control, the Bank Council and the Local Committees; (b) for administration, the Directorate and the Local Directors.

ART. 23. Supervision and control shall be exercised by a Bank Council consisting of twenty-five members elected for a term of four years. Fifteen members shall be chosen by the Federal Council, and ten by the Cantons. In the selection of members due regard shall be had to the several commercial centres and districts of Switzerland. Vacancies shall be filled for the remainders of the terms.

ART. 24. The President and Vice-President of the Bank Council shall first be named by the Federal Council; thereupon the Cantons shall elect ten members; thereafter the Federal Council shall elect the remaining thirteen members.

ART. 25. [Regulates the mode of election of members of the Bank Council on the part of the Cantons.]

ART. 26. The more immediate supervision and control shall be exercised by a committee consisting of five members of the Bank Council, elected for the period of four years. This committee shall consist of the President, the Vice-President, and three other members to be appointed by the Bank Council.

ART. 27. The Bank Council shall hold meetings at least once a quarter. It can be convened for extra meetings at the call of the President or at the demand of seven members. [Further regulations follow as to the meetings of the Bank Council.]

ART. 28. Supervision of the branches shall be exercised by Local Committees. These shall consist of not less than five nor more than ten persons, to be chosen by the Bank Council for a period of four years, by preference from among reputable merchants and business men of the locality. Members of the Bank Council residing in the locality are eligible to membership. From among the members the Bank Council shall designate a Chairman and Vice-Chairman. The Local Committees shall meet as often as occasion shall require, and a majority of their members shall constitute a quorum.

ART. 29. The Directorate shall be the administrative and executive body, and shall carry out the objects of the Bank within the limits set by the laws and by-laws. It shall represent the Bank in foreign countries. It shall be the superior authority for all officials and employees of the central administration as well as of the Local Directors. The Directorate shall consist of not less than three nor more than five members, who shall reside permanently at the main office of the Bank. The members are appointed by the Federal Council for a period of six years, upon nomination made, subject to no restriction, by the Bank Council. The Federal Council shall elect from among the members of the Directorate the President and Vice-President.

ART. 30. The Local Directors shall be at least two in number, appointed for a period of four years upon nomination, subject to no restriction, by the Bank Council. They shall undertake the responsible administration of the branches in accord with the instructions issued by the Directorate and with the general by-laws. They are the immediate superiors of the officials and employees in their respective branches.

ART. 31. (a) A member of the Federal Assembly may not be a member of the Bank Council, of the Directorate, or of the Local Directors. (b) A member of the Bank Council may not be a member of the Directorate or one of the Local Directors.

ART. 32. Officials and employees at the main office of the Bank shall be appointed by the Directorate. Other officials and employees shall be elected by the Bank Council on nomination by the Local Directors and approval by the Directorate.

ART. 33-38. [Provisions as to the eligibility and legal status of the different officers. Obligatory secrecy as to business operations. Salaries of officers. *Tantièmes* prohibited.]

VI. SUPERVISION BY THE FEDERAL ASSEMBLY.

ART. 39. The Federal Assembly shall exercise general supervision over the Bank. For this purpose each House shall appoint Auditing Committees of not less than five nor more than seven members, to be appointed for a term of three years identical with the term of the legislature. The two committees shall unite for the auditing and approval of the annual balance sheet and report, and for the consideration of regulations to be made or approved by the legislature. For other purposes the committees shall act in accord with the general laws regulating the transaction of business on the part of the two Houses. The committees, or their representatives duly appointed for the purpose, shall have at all times unlimited access to all the books and operations of the Bank, subject to the requirements as to secrecy made in Article 34.

VII. PENALTIES.

ART. 40-47. [Penalties for counterfeiting or raising notes, manufacturing plates, illegal issue of notes.]

VIII. TRANSITIONAL PROVISIONS.

ART. 48-50. [Provisional elections for Bank Council and Directorate, and provisional action by them. The Bank to open when all the capital has been paid in, and the main office and four branches organized.]

ART. 51. After the date of the acceptance of this act the Federal Council shall be authorized to refuse permission for the reissue of notes by existing banks of issue or for an increase of their issues.

ART. 52. Within a period not exceeding two and a half years

after the opening of the Federal Bank for business, old notes shall be retired. Each bank of issue shall retire at the close of each quarter at least one-tenth of its outstanding notes, or shall deliver in cash such sums as may not have been so retired. If more than one-tenth of the issue is retired in any quarter, the excess may be carried over to later quarters. The notes retired and to be destroyed shall be delivered to the Federal Controlling office. Sums to be paid in cash shall be delivered to the Federal Bank.

ART. 53. With the last instalment each bank of issue shall hand to the Federal Bank a detailed statement of the notes still outstanding. The Federal Bank shall undertake the payment of such notes during a period of thirty years from the date mentioned, and shall destroy them after payment. At the close of this period the amount of any notes not presented for payment shall be credited to the Swiss Pension Fund. For any banks which shall deliver to the Federal Bank before the lapse of the two and a half years the amount of their outstanding notes, the Federal Bank shall undertake the immediate and unconditional payment of their notes.

ART. 54-56. [Further provisions as to the period of transition and as to the final taking effect of the act.]